

HUMAN SERVICES DEPARTMENT[441]

Adopted and Filed

Rule making related to reimbursement for case management and targeted case management

The Human Services Department hereby amends Chapter 79, "Other Policies Relating to Providers of Medical and Remedial Care," Iowa Administrative Code.

Legal Authority for Rule Making

This rule making is adopted under the authority provided in Iowa Code section 249A.4 and 2018 Iowa Acts, Senate File 2418, section 132.

State or Federal Law Implemented

This rule making implements, in whole or in part, Iowa Code section 249A.4 and 2018 Iowa Acts, Senate File 2418, section 132.

Purpose and Summary

These amendments rescind rule language regarding fee for service with cost settlement for targeted case management (TCM). The amendments also revise the existing fee schedules for TCM and case management (CM) under the home- and community-based services waiver and habilitation programs.

TCM and CM provider agencies will no longer be required to submit an annual cost report. These amendments will allow the Department to standardize rates for TCM and CM provider agencies. These rates will apply only to members who are enrolled in Medicaid as fee for service.

Public Comment and Changes to Rule Making

Notice of Intended Action for this rule making was published in the Iowa Administrative Bulletin on August 1, 2018, as **ARC 3911C**. The Department received comments from three respondents during the public comment period. The comments and the Department's responses are as follows:

Comment 1: Why wasn't state fiscal year (SFY) 2017 cost report information used instead of SFY 2016 in determining this new rate since it would be the most up-to-date information?

Department response 1: The rate calculation was based on data from 61 agencies that finalized SFY 2016 cost reports. Fiscal year (FY) 2017 cost reports were not used because not all reports have been finalized.

In comparison, a review of calendar year (CY) 2018 data shows there are four providers billing code T1017 TCM and seven providers billing code T1016 CM; there is overlap of three providers between these two codes, so the total number of current providers is eight. A review of rates paid by those providers currently billing:

- The average paid unit rate for TCM is \$61.80.
- The average paid unit rate for CM is \$64.09.

The Department believes the new rate of \$64.60 is an accurate rate, whether based upon SFY 2016 cost reports or actual billed 2018 service rates.

Comment 2: Was this new rate based on only the cost reports from the existing case management agencies in Polk and Johnson Counties plus the Department? It does not seem relevant to include information from agencies that no longer provide case management services.

Department response 2: See the Department's response to comment 1 above.

Comment 3: What formula did the Department use to calculate wage inflation since it varies from county to county?

Department response 3: The Iowa Medicaid Enterprise (IME) uses the subscription service Data Resources, Inc., which provides to subscribers the Healthcare Cost Service Fourth Quarter 2017 Forecast.

Comment 4: Can the Department provide a source, or a copy, of the statewide fee schedule that was used?

Department response 4: The Department assumes this comment refers to inflation factor data. Because the inflation data was provided through a subscription service, the State of Iowa is not able to provide the information.

Comment 5: I am interested in seeing the computations that determined fiscal neutrality. How is there no fiscal impact? With decreasing rates there should be cost savings somewhere.

Department response 5: Of those providers who have billed claims in 2018:

- One provider will have a decrease in rate. This provider billed only 8 percent of CM claims and only 8 percent of TCM claims.
- Six providers will have an increase in rate. These providers account for 12 percent of CM claims and 23 percent of TCM claims.
- One provider has a negligible change in rate (\$.40). Because this provider bills 80 percent of CM claims and 69 percent of TCM claims, the overall cost for TCM/CM will remain neutral.
- Overall, the impact of individual rate increases or decreases will be fiscally neutral.
- Computations and provider data have been supplied to Johnson County via RFI S19-0127.

Comment 6: Please explain how your analysis determined there would be no impact on jobs. Is this state-related only? Or does the analysis include all existing providers?

Department response 6: The statement regarding jobs impact is concerned with the effect on private-sector jobs and employment opportunities in Iowa. The Department has determined that a new rate will not impact the volume of services to be provided; staff will continue to be needed to provide the services.

Comment 7: Is there a mechanism for a case management agency to submit an exception to policy to this new rate? If so, what is it?

Department response 7: Exceptions to policy may be granted to the Department's rules, but exceptions to policy cannot be granted for rules that are based on federal policy or state law. The change to the TCM rate was authorized in 2018 Iowa Acts, Senate File 2418, division XXVI, section 132 (cost-based reimbursement), during the Iowa Legislative Session. The legislation states: "Effective July 1, 2018, the targeted case management services shall be reimbursed based on a statewide fee schedule amount developed by rule of the department pursuant to chapter 17A."

Because state law directs the Department to create the rate, no exception to policy can be granted by the Department.

Comment 8: How does client choice figure into this new rule if any of the existing case management agencies are forced to close? There may only be one case management agency operating in various parts of the state.

Department response 8: The Department does not predict that providers will choose to close because of the rate change. Since most active providers will see a rate increase, there would be no reason for those providers to choose to close based upon this factor. Provider choice is applied to the options that are available to a member, and those options would be enrolled providers and the geographic areas covered by those enrolled providers.

The Department has not changed the amendments in this rule making based on the comments from the respondents. No changes from the Notice have been made.

Adoption of Rule Making

This rule making was adopted by the Council on Human Services on September 12, 2018.

Fiscal Impact

This rule making has no fiscal impact to the State of Iowa.

Jobs Impact

After analysis and review of this rule making, no impact on jobs has been found.

Waivers

Any person who believes that the application of the discretionary provisions of this rule making would result in hardship or injustice to that person may petition the Department for a waiver of the discretionary provisions, if any, pursuant to rule 441—1.8(17A,217).

Review by Administrative Rules Review Committee

The Administrative Rules Review Committee, a bipartisan legislative committee which oversees rule making by executive branch agencies, may, on its own motion or on written request by any individual or group, review this rule making at its [regular monthly meeting](#) or at a special meeting. The Committee's meetings are open to the public, and interested persons may be heard as provided in Iowa Code section 17A.8(6).

Effective Date

This rule making will become effective on December 1, 2018.

The following rule-making actions are adopted:

ITEM 1. Rescind and reserve paragraph **79.1(1)“d.”**

ITEM 2. Amend subrule **79.1(2)**, provider categories “HCBS waiver service providers,” “Home- and community-based habilitation services” and “Targeted case management providers,” as follows:

<u>Provider category</u>	<u>Basis of reimbursement</u>	<u>Upper limit</u>
HCBS waiver service providers, including:		Except as noted, limits apply to all waivers that cover the named provider.
1. to 16. No change.		
17. Case management	Fee for service with cost settlement. See 79.1(1)“d” <u>Fee schedule</u>	For brain injury and elderly waivers: Retrospective cost-settled rate. <u>Fee schedule in effect 7/1/18.</u>

<u>Provider category</u>	<u>Basis of reimbursement</u>	<u>Upper limit</u>
18. to 35. No change.		
Home- and community-based habilitation services:		
1. Case management	<u>Fee schedule.</u> See 79.1(24) “d”	Retrospective cost settled rate. <u>Fee schedule in effect 7/1/18.</u>
2. to 5. No change.		
Targeted case management providers	Fee for service with cost settlement. See 79.1(1) “d.” <u>Fee schedule</u>	Retrospective cost settled rate. <u>Fee schedule in effect 7/1/18.</u>

ITEM 3. Amend subrule 79.1(24) as follows:

79.1(24) Reimbursement for home- and community-based habilitation services. ~~Reimbursement for case management, job development, and employer development services provided prior to July 1, 2013, is based on a fee schedule developed using the methodology described in paragraph 79.1(1) “d.” Reimbursement for home-based habilitation, day habilitation, prevocational habilitation, enhanced job search and supports to maintain employment services provided prior to July 1, 2013, is based on a retrospective cost-related rate calculated using the methodology in paragraphs 79.1(24) “b” and “c.” Reimbursement for all home- and community-based habilitation services provided on or after July 1, 2013 January 1, 2016, shall be as provided in paragraph 79.1(24) “d.” All rates are subject to the upper limits established in subrule 79.1(2).~~

a. to c. No change.

d. Reimbursement for services provided on or after July 1, 2013 January 1, 2016.

~~(1) For dates of services July 1, 2013, through December 31, 2013, providers shall be reimbursed by the Iowa Plan for Behavioral Health contractor at the fee schedule or interim rate for the service and the provider in effect on June 30, 2013, with no retrospective adjustment or cost settlement. However, if a provider fails to submit a cost report for services provided prior to July 1, 2013, that meets the requirements of paragraph 79.1(24) “b,” the Iowa Plan for Behavioral Health contractor shall reduce the provider’s reimbursement rate to 76 percent of the rate in effect on June 30, 2013. The reduced rate shall be paid until acceptable cost reports for all services provided prior to July 1, 2013, have been received.~~

~~(2) For dates of services from January 1, 2014, through December 31, 2015, providers shall be reimbursed by the Iowa Plan for Behavioral Health contractor at the rate negotiated by the provider and the contractor. However, if a provider fails to submit a cost report for services provided prior to July 1, 2013, that meets the requirements of paragraph 79.1(24) “b,” the Iowa Plan for Behavioral Health contractor shall reduce the provider’s reimbursement rate to 76 percent of the negotiated rate. The reduced rate shall be paid until acceptable cost reports for all services provided prior to July 1, 2013, have been received.~~

~~(3) (1) For dates of services on or after January 1, 2016, providers habilitation services, except for case management, shall be reimbursed by fee schedule. Case management will continue to be reimbursed by retrospective cost settlement.~~

~~(2) For dates of services on or after July 1, 2018, case management services shall be reimbursed by fee schedule.~~

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EDITOR’S NOTE: For replacement pages for IAC, see IAC Supplement 10/10/18.